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Apple Bounces Back

DUN'S BUSINESS MONTH

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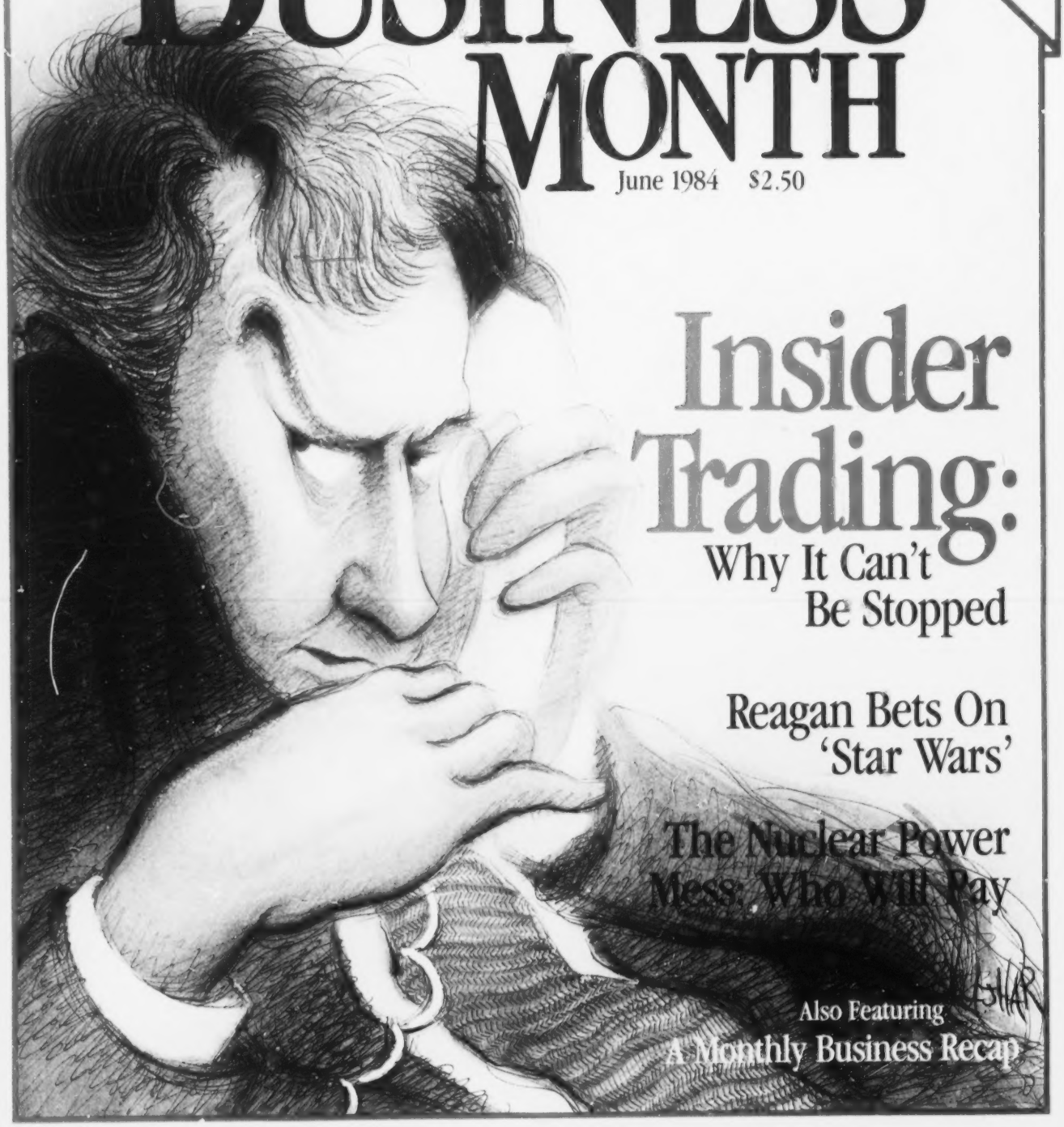

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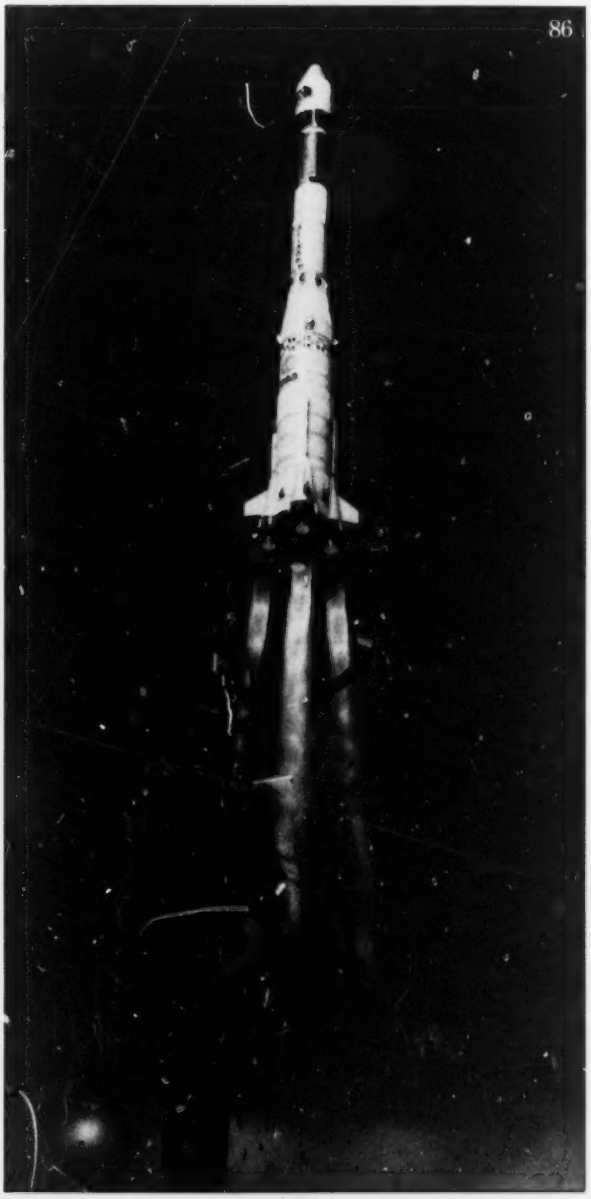

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Mid-Sized Firms Take Off the Wraps

Companies with 100-to-999 employees plan hefty increases in capital outlays, according to the DUN'S 5000 survey.

Not all firms plan to spend money on capital equipment and new plant and structures this year, but some expect to do it in a big way, according to the latest DUN'S 5000 survey.

Among firms of all sizes, only 18% indicate they will invest in new plants and office structures, a deceptively low number, since the survey sample is heavily influenced by small establishments. But within the sector of spenders, 60% of mid-size companies plan larger outlays this year on big-ticket building projects (*chart*). Even among smaller firms (100-to-500 workers), those that plan to spend have ambitious expectations as well. A large fraction said they will spend more than double what they did last year for new structures.

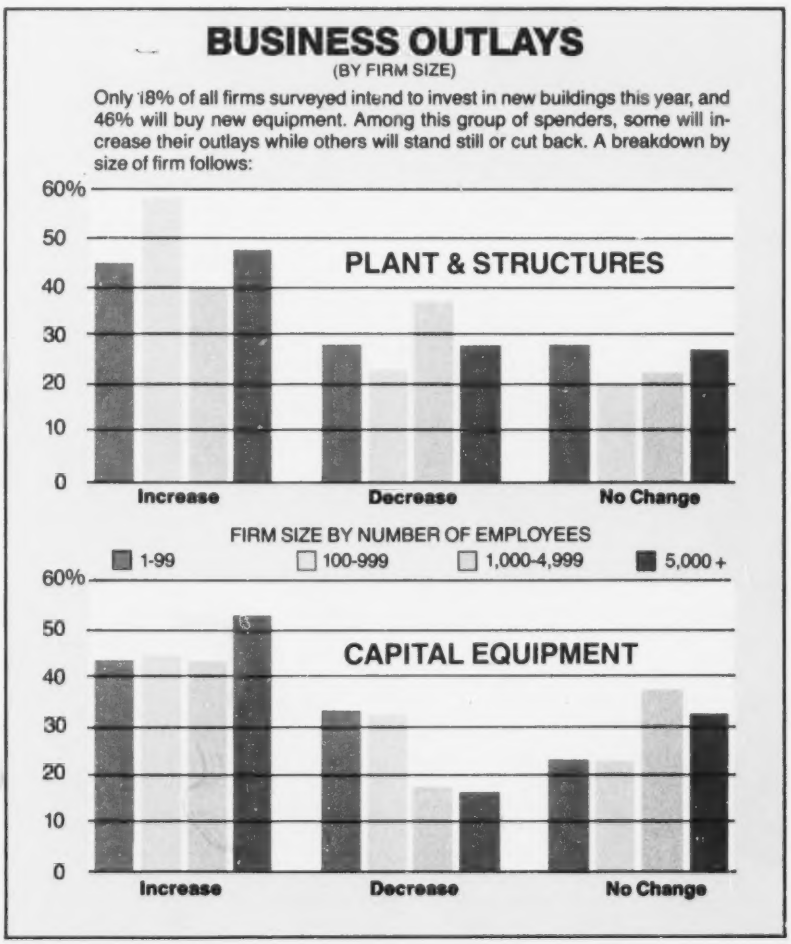
Overall, about 46% of the DUN'S 5000 respondents plan to buy more capital equipment this year, while about 29% expected no change and 25% say they will spend less. Within the groups that plan to buy new machines and hardware, firms with more than 500 employees expect to lay out about 8.3% more than they did in 1983. This result for larger firms is below the overall capital equipment estimates of the U.S. Department of Commerce, which predicts a 13% increase, and the McGraw-Hill Inc. survey, which projects an overall gain of 18%.

As might be expected, small firms with fewer than 100 employees have the smallest plans for major investments; indeed, they report no change from 1983 outlays. Yet since these small firms account for such a large proportion of all U.S. business establishments, the impact will be great once they do start spending as the recovery proceeds.

Since the DUN'S 5000 survey currently looks at firms of all sizes based on number of workers, not assets, these survey results cannot be translated into absolute dollar amounts.

—JOSEPH W. DUNCAN

Joseph W. Duncan, formerly Chief Statistician of the Office of Management and Budget and Chairman of the United Nations Statistical Commission, is Corporate Economist of The Dun & Bradstreet Corp.



tions now operating, it is still too early to reach any firm conclusions about typical profitability. The 24% pretax margin averaged by full-power stations is attainable, according to Publisher Harlan Jacobson of *Lo Power Community TV* magazine, but this remains to be seen.

Moreover, there are a number of risks in the business. For one thing, after shelling out anywhere from $500 to $4,000 in engineering and attorney fees to file with the FCC, an applicant stands a good chance of not receiving a permit. If a permit is won, an owner must be ready to operate within one year or surrender the permit to the FCC or sell it at cost.

Once on the air, the problem then is to find the right kind of programming to attract viewers and advertisers from competing media, such as radio and newspapers. So far, operators are offering such fare as reruns of old series, movies and soap operas, music videos and a few hours a day of news, weather and other local coverage. Currently, syndication firms provide most of the programming. In the near future, satellite services and specialized programming networks are expected to become major sources.

Enterprising investors are finding ways to spread the costs and increase revenues. Some are forming joint ventures. President Jeffrey Nightbyrd of Low Power Technology, for example, acquired a 51% interest in a new station owned by a small California company and is negotiating several other similar deals. Others are planning to operate multiple stations and centralize programming and advertising functions. Hutcheson expects to have two more stations on the air by year-end and has licenses to add seven more.

Within a few years, the investment value of mini-stations should climb substantially, according to Jacobsen. Because only a limited number of stations will be authorized by the FCC, they will appreciate rapidly once they are all licensed, he points out. "That's why I think owning an LPTV license is such a good investment," he says. "Like land, there's only so much of it available." —T.J.M.

INVESTMENT UPDATE

Here's the current status of a number of investments, and a look at how they have fared over the past month and the past year.

INVESTMENT	(4/30/84) Recent Price or Yield	Value of $10,000 if invested: Month Earlier	Year Earlier
Common Stock (Index fund, capital gains and dividends reinvested)	$19.22/share	$10,073	$10,121
per cent change		+0.7%	+1.2%
Bonds (30-yr., 11¾% Treasury Bond)			
MARKET VALUE		$ 9,722	$ 8,343
ACCUMULATED INCOME	$91.938	$ 103	$ 1,066
TOTAL		$ 9,825	$ 9,409
per cent change		−1.7%	−6.0%
Money Market Fund	9.29%	$10,076	$10,899
per cent change		+ .7%	+8.9%
Gold (Krugerrands)	$398.27/oz.	$ 9,719	$ 8,847
per cent change		−2.8%	−11.5%
HOUSE PRICES	**Recent**	**Month Earlier**	**Year Earlier**
Existing House	$80,300	$80,100	$78,900
per cent change		−2.4%	−2.6%
New House	$92,200	$94,000	$89,600
per cent change		−1.9%	+2.8%

Sources: Vanguard Group Inc.; Salomon Brothers; Donoghue's Money Fund Report; Deak-Perera Fifth Avenue, Inc.; Federal Home Loan Bank Board.

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